

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | PHILIP Y. BROWN, ESQ. | JOHN B. LANGAN | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY

## MEMORANDUM

TO: Hampden County Regional Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 2, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and January 1 of each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

Although we are approving this schedule, we would have preferred a schedule be adopted that amortizes the unfunded actuarial liability by FY35. For the past year, we have been recommending that systems determine schedules so as to be fully funded by FY35. This provides more flexibility in the event of a market downturn. However, we do note that the schedule extends only one year beyond our recommended date and the Board has adopted a more conservative assumption set since the prior actuarial valuation.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



## SECTION 2: Valuation Results for the Hampden County Regional Retirement System

CHART 16

Fully funded by 2036 with appropriations increasing 8.0% per year for six years, 6.0% for one year and 4.0% per year thereafter

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2003 ERI Liability	(5) Amortization of Funding Holiday Liability	(6) Amortization of Remaining Liability	(7) Total Plan Cost: (2) + (3) + (4) + (5) + (6)	(8) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(9) Total Plan Cost: % Increase
2015	\$5,376,312	\$141,685	\$70,945	\$33,492	\$15,751,299	\$21,373,733	\$310,127,109	--
2016	5,591,365	141,685	70,945	33,492	17,246,145	23,083,632	317,616,360	8.00%
2017	5,815,020	141,685	70,945	33,492	18,869,181	24,930,322	324,113,094	8.00%
2018	6,047,621	141,685	70,945	33,492	20,631,006	26,924,748	329,403,464	8.00%
2019	6,289,526	141,685	70,945	33,492	22,543,080	29,078,728	333,245,561	8.00%
2020	6,541,107	--	70,945	33,492	24,759,482	31,405,026	335,366,292	8.00%
2021	6,802,751	--	--	--	27,114,677	33,917,428	335,457,944	8.00%
2022	7,074,861	--	--	--	28,880,979	35,955,840	333,174,388	6.01%
2023	7,357,855	--	--	--	30,036,219	37,394,074	328,841,372	4.00%
2024	7,652,169	--	--	--	31,237,667	38,889,836	322,944,311	4.00%
2025	7,958,256	--	--	--	32,487,174	40,445,430	315,311,124	4.00%
2026	8,276,586	--	--	--	33,786,661	42,063,247	305,754,222	4.00%
2027	8,607,649	--	--	--	35,138,127	43,745,776	294,069,207	4.00%
2028	8,951,955	--	--	--	36,543,652	45,495,607	280,033,471	4.00%
2029	9,310,033	--	--	--	38,005,399	47,315,432	263,404,674	4.00%
2030	9,682,434	--	--	--	39,525,614	49,208,048	243,919,101	4.00%
2031	10,069,731	--	--	--	41,106,639	51,176,370	221,289,892	4.00%
2032	10,472,520	--	--	--	42,750,905	53,223,425	195,205,119	4.00%
2033	10,891,421	--	--	--	44,460,941	55,352,362	165,325,716	4.00%
2034	11,327,078	--	--	--	46,239,378	57,566,456	131,283,238	4.00%
2035	11,780,161	--	--	--	48,088,953	59,869,114	92,677,440	4.00%
2036	12,251,367	--	--	--	50,012,511	62,263,878	49,073,661	4.00%
2037	12,741,422	--	--	--	--	12,741,422	--	-79.54%

Notes: Recommended contributions are assumed to be paid on July 1 and December 31.

Items (2) and (6) increase at 4.0% per year.

Assumes contribution of budgeted amount for fiscal 2015.

Maximum increase in the appropriation from one fiscal year to the next is 8%.

Projected normal cost does not reflect the future impact of pension reform for future hires.